

# THE ROLE OF DELEGATED EXAMINING UNITS:

## Hiring New Employees in a Decentralized Civil Service

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This report looks at the systems Federal agencies use in examining applicants for competitive service positions. It describes what agencies and their delegated examining units like about delegated examining, as well as what concerns they have about the process.

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THE CHAIRMAN



U.S. MERIT SYSTEMS PROTECTION BOARD  
1120 Vermont Avenue, N.W.  
Washington, D.C. 20419

August 1999

The President  
President of the Senate  
Speaker of the House of Representatives

Sirs:

In accordance with the requirements of 5 U.S.C. 1204(a)(3), it is my honor to submit this Merit Systems Protection Board (MSPB) report, "The Role of Delegated Examining Units: Hiring New Employees in a Decentralized Civil Service," which looks at the systems Federal agencies use in examining applicants for competitive service positions.

In 1996, the Office of Personnel Management delegated to Federal agencies the authority to examine applicants for positions in the competitive civil service. Today approximately 650 delegated examining units (DEU's) exercise this authority on behalf of the various departments and agencies. The DEU's handle tasks such as recruiting for vacant positions, reviewing the qualifications of job applicants, and ranking and referring candidates to hiring officials for consideration. This report describes what agencies and their DEU's like about delegated examining, as well as what concerns they have about the process. In addition, the report makes recommendations—such as modifying the Rule of Three—which MSPB believes are needed to improve the DEUs' ability to ensure the referral of high-quality candidates for Federal jobs.

I hope you will find this report useful in examining important issues surrounding competitive recruiting and assessment, and in considering the most effective ways for the Government to staff the Federal service with highly-qualified employees.

Respectfully,

Ben L. Erdreich

# **U. S. Merit Systems Protection Board**

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# **The Role of Delegated Examining Units: Hiring New Employees in a Decentralized Civil Service**

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## Executive Summary

*Because making good hiring decisions is critical to the efficiency of the Federal civil service, the Merit Systems Protection Board (MSPB or the Board) from time to time examines the Federal Government's hiring procedures and offers suggestions for improvement. In 1996, an important aspect of the Government's hiring system was modified when the Office of Personnel Management (OPM) delegated to agencies the authority to examine applicants for virtually every position in the competitive civil service. This decentralization of examining authority reflected an Administration and Congressional desire to make the process for hiring new employees faster and less bureaucratic. As a result of the decentralization, activities related to the competitive hiring of new employees are now generally performed by agency personnel employees working in the Government's approximately 650 delegated examining units (DEU's).*

*This report examines the processes agencies and their DEU's are using to handle the applicant examining responsibilities that have been delegated to them. We look at who is being hired and describe the tasks DEU's perform to bring new employees on board. The report also describes what agencies like about delegated examining and what concerns they have about the process. Finally, the report discusses what should be done to address agencies' concerns and to improve the Government's system for selecting new employees.*

In FY 1998, the Federal Government hired over 60,000 new full-time permanent employees. The majority of them were brought on board by only a handful of the larger agencies, and most of them work in lower graded entry-level positions in a small number of the Government's more than 450 white-collar occupations. For example, the Departments of Justice, the Treasury, and Veterans Affairs, and the military departments accounted for 68 percent of new hires in FY 1998; more than half of the new white-collar employees that year were hired into just 20 occupations, over a third of which were clerical.

In the past, many of the Government's new employees were evaluated and referred for job vacancies through some type of centralized procedure administered and controlled by OPM. Today, with OPM having delegated to agencies the authority to perform all hiring-related tasks,

individual Federal agencies are in charge of the way virtually all new hires are brought into their organizations. The work involved in this process is done by agencies' delegated examining units.

### What tasks do DEU's perform?

In exercising delegated examining authorities, DEU's perform two essential tasks. They publicize the existence of vacant positions, frequently through newspaper advertisements and almost always through the Internet. As a result, anywhere in the country, applicants with Internet access can log on to [www.usajobs.opm.gov](http://www.usajobs.opm.gov) and find postings for most Federal job opportunities.

The other critical task of DEU's is to assess applicants to identify the best candidates and determine which ones will be referred to selecting officials for employment consideration. DEU's use essentially

two assessment methods—written tests and unassembled examinations. In unassembled examinations, agencies give applicants numerical scores based upon a rating of their education and experience against the evaluation criteria for the position. The process for doing that is called case examining. Unassembled examinations were used to assess approximately 60 percent of the new hires selected from DEU referral certificates in FY 1998.

#### **What do agencies like about delegated examining?**

We conducted interviews with the heads of 70 DEU's chosen at random and found that, generally speaking, they believe that delegated examining has eliminated the major difficulties associated with centralized hiring—the length of time it took to get certificates of candidates from OPM and the poor quality or unavailability of the candidates on those certificates. With delegated examining authority, agencies can produce certificates more quickly than OPM was able to do. Further, agencies believe that by doing their own examining, they are able to identify and refer better candidates to the selecting officials. In fact, over 80 percent of the DEU officials with whom we spoke said that delegated examining is enabling them to hire high-quality candidates in a reasonable period of time. And nearly 80 percent said that delegated examining is faster and more effective than centralized hiring.

#### **What concerns do agencies have about delegated examining?**

We found that despite these generally positive views of decentralized hiring, officials in DEU's with heavy workloads think there are some serious problems. They believe that case examining frequently fails to place the best qualified candidates on DEU certificates, and that this is unfair both to the best qualified candidates and to the managers for whom the certificates are prepared.

DEU officials also cite concerns about the usefulness of a significant number of their certificates. They say that the DEU certificates frequently provide supervisors with far too few candidates. Supervisors and managers agree with that assessment. This is caused, in part, by a law known as the "Rule of Three" which requires managers to

select from among the top three available candidates on a DEU referral certificate. The logic of a Rule of Three might be supportable if the assessment tools most frequently used to evaluate applicants were capable of precisely identifying the best three candidates. But with large numbers of qualified candidates, such fine distinctions usually cannot be made on the basis of unassembled examinations or even on the basis of written tests.

DEU officials said that the usefulness of their certificates is further limited by the widespread practice of allowing significant numbers of current Federal employees to apply for the same job under two separate sets of procedures. These employees file applications both under DEU postings that are open to members of the public and under merit promotion postings that are essentially limited to current Federal employees. Frequently, these current employees are included on DEU referral certificates, creating a situation that inhibits the effectiveness of the DEU process as a tool for bringing new people into the Government.

In addition, we learned that even though agency managers and supervisors believe delegated examining is better than centralized hiring, they feel that many of the problems that make it difficult for them to hire competent candidates from outside the Government remain. In the opinion of the managers and supervisors in focus groups we conducted, one of those unsolved problems is that managers and supervisors do not have a sufficient understanding of sound human resources principles and practices in general, nor of the Government's hiring rules and processes in particular.

#### **Recommendations**

Several steps should be taken to make delegated examining work better and improve the process for hiring new employees from outside Government:

1. **Congress and OPM should take action to make written tests readily available to agencies that hire significant numbers of new employees through competitive procedures.**

In light of the Government's strong interest in making good hiring decisions and in light of the importance of good assessment tools to the performance of that task, Congress should provide funds

to cover the costs for creating and validating written tests (which frequently run between \$100,000 and \$150,000, and can be substantially greater). Until that occurs, OPM should consider how much of its budget it can afford to dedicate to the creation and validation of written tests for positions into which agencies hire in significant numbers. OPM should also consider ending its practice of charging for the test-based certificates it currently prepares for agencies.

**2. As long as unassembled examinations continue to be used to evaluate candidates for positions into which many applicants are hired, agencies need to commit sufficient resources to DEU's to ensure high-quality assessments.**

The Government's interest in hiring high-quality candidates and the entitlement of those candidates to fair treatment in the competitive process is not well-served when DEU's lack the resources of staff, money, time, and expertise to make high-quality case examining determinations.

**3. Congress, OPM, and agencies should address the problems identified by DEU's with regard to the usefulness of their certificates.**

*a. The Rule of Three should be modified to allow supervisors to consider a greater number of qualified candidates.*

Consistent with the other flexibilities associated with delegated examining, agencies should be allowed to determine whether it is appropriate to limit their supervisors to choosing from just the three top-ranked, available candidates. Where there are many applicants, agencies should be free

to conclude that a greater number of qualified applicants, or perhaps a percentage of these, would be a more appropriate limitation.

*b. Agencies need to look at whether the practice of allowing double applications by current employees affects the ability of their supervisors to consider outside candidates.*

If the presence of current employees on DEU referral certificates restricts supervisors' consideration of outside candidates, agency management should take steps to correct the situation. One method for doing this is for agency management and OPM to amend their delegated examining agreements to allow agencies to preclude employees who are eligible for consideration under a merit promotion posting from being able to apply for the same job under delegated examining procedures.

**4. Agencies should address managers' and supervisors' lack of knowledge about sound human resources practices and about hiring rules and processes, particularly with respect to hiring from outside the Government.**

Agencies need to provide selecting officials with information on best human resources practices and with more training related to the Government's hiring rules and processes, as well as with easily accessible reference tools that they can use when hiring. In a large organization, many factors can adversely affect the ability of managers and supervisors to bring high-quality candidates on board in a reasonable period of time. Lack of knowledge about the rules and procedures governing the Government's hiring process should not be one of them.

## Introduction to Delegated Examining and Delegated Examining Units

This is a report about how the Government currently hires most new employees into the competitive civil service. The merit system principles call for open competition for these positions, with selections based upon merit considerations.<sup>1</sup> Because of the connection between making good hiring decisions and the efficiency of the civil service, the Merit Systems Protection Board has on several occasions examined the Government's competitive hiring procedures and made suggestions for improvement.

In 1994, MSPB issued a report titled "Entering Professional Positions in the Federal Government" that traced the history of Federal hiring practices. Our report noted that while agency officials have always made the actual hiring decisions, the authority to recruit, evaluate, and refer candidates for selection has frequently been placed in the Government's central personnel agency. Originally that agency was the Civil Service Commission, and since 1978 it has been the Office of Personnel Management. When the Government's central personnel agency holds the authority to evaluate and refer a list of candidates for agencies to choose from, the hiring system is described as "centralized." Since the establishment of the merit system in the 1880's, there have been periods when the Government's hiring system has been centralized and periods when it has been decentralized. When it is decentralized, agencies not only make the hiring decisions but also recruit and evaluate the candidates who apply, and there is no need for agencies to obtain a list of eligible candidates, commonly called a "certificate," from the central

personnel authority. Historically, a centralized system has been seen as more expert and incorruptible, while a decentralized system has been seen as less bureaucratic and more conducive to expedited decisionmaking.

Our 1994 report observed that the Government's hiring process for two categories of jobs, professional and administrative positions, was actually far more decentralized than was generally thought. In the 1980's, a variety of factors had led OPM to delegate so many of its recruitment and examining authorities to agencies that by the mid-1990's only one out of every five professional and administrative entrants into the competitive civil service was still being selected from an OPM certificate. Agencies, with OPM's permission, were making nearly as many selections for professional and administrative jobs from certificates they themselves had prepared without any OPM involvement as they were making from OPM certificates. Many other entrants into those positions were being hired under special authorities that OPM granted to agencies to allow them to hire candidates without going through traditional competitive procedures.

Since the issuance of our 1994 report which describes these disparate methods for selecting new hires into professional and administrative positions, the Administration and Congress significantly restructured the Government's competitive civil service hiring practices to create a more coherent decentralized system for hiring into all categories of positions. Heeding objections about

<sup>1</sup> Specifically, 5 U.S.C. 2301 provides that selection "should be determined solely on the basis of relative ability, knowledge and skills, after fair and open competition . . . ."

how slow and bureaucratic the centralized process had become, Congress effectively required OPM to delegate nearly all of its hiring-related authorities to agencies; and at the same time the Administration repositioned OPM so that it could assist the agencies in the performance of their new duties.<sup>2</sup> As a result of these changes, today Federal agencies do almost all Government competitive hiring either directly or through contracts that are frequently with OPM and that typically take the form of agreements for reimbursable services. Within the agencies, most competitive hiring of new employees is handled or coordinated by entities known as "delegated examining units."

The DEU's are staffed by agency personnel officials who have been trained by OPM in how to operate a fair and lawful competitive process. They oversee the recruitment and evaluation of candidates for competitive service positions. Acting primarily through these DEU's, agencies

determine how a job will be advertised, how the candidates will be assessed, and who among the candidates will be referred for the vacant positions. Agencies also determine or have their DEU's determine whether each or all of those functions will be done internally or contracted out. Agencies and their DEU's have thus become the key players in a significantly revised Federal process for bringing new hires into the competitive service.

This report describes who is being hired and the procedures agencies and their DEU's are using to bring new employees into the Government, and how agency activities are being assisted by OPM. It also looks at what agencies, and their managers and supervisors, like about the arrangement, and what concerns they have. Finally, the report examines what can be done to address those concerns and improve the operation of the delegated examining process.

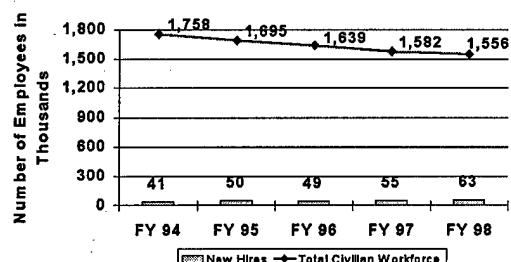
## Who Is Being Hired by Agencies

The Government hires tens of thousands of new full-time permanent civil service employees each year. And it does so despite the fact that the size of the full-time permanent nonpostal Federal civilian workforce has in the past few years shrunk by several hundred thousand people. It was at about 1.75 million in 1994 and had declined to about 1.55 million employees by the end of FY 1998. But even during this period of downsizing, the Government was doing a great deal of hiring to replace employees who resigned or retired as well as to staff new initiatives ordered by Congress such

as increasing the number of border patrol agents. Figure 1 contrasts the declining number of full-time Federal employees in recent years with the total number of white-collar and blue-collar new hires into such positions over the same period. It shows that while the size of the full-time workforce averaged a decline of 40,000 employees per year, the number of new full-time hires each year rose from just over 40,000 in FY 1994 to more than 60,000 in FY 1998. Delegated examining accounts for approximately 60 percent of these new hires. The rest are being hired through

<sup>2</sup> In 1993, Vice President Gore headed a review of the Federal Government that led to the publication by the National Performance Review of a report titled "From Red Tape to Results: Creating a Government That Works Better and Costs Less." It recommended that agencies be provided with the authority to conduct their own recruiting and examining, and that all central registers be abolished. In furtherance of that suggestion, the Administration's budget proposal for FY 1996 significantly reduced the amount of money earmarked for the OPM division that handled competitive examining. The FY 1996 appropriation, which decreased OPM's budget by approximately \$40 million, reflected that reduction. Congress also amended 5 U.S.C. 1104 to remove most restrictions on OPM's ability to delegate examining authority to agencies and to authorize OPM to provide staffing assistance on a reimbursable basis through the revolving fund to agencies exercising delegated examining authorities.

**Figure 1. Total Federal Civilian Workforce and New Hires (Full-Time Permanent Employees), fiscal years 1994-98**



Source: Central Personnel Data File.

authorities, like excepted service hiring authorities, that do not require traditional competitive postings.

Most new hires are white-collar employees and many of those new hires work in a small number of the Government's nearly 450 white-collar occupations. Approximately 15 percent (about one out of seven) work as data transcribers or tax examining assistants in the Internal Revenue Service. Others are employed as miscellaneous clerks and assistants and as secretaries in a variety of agencies, and as correctional officers hired by the Bureau of Prisons, border patrol agents in the Immigration and Naturalization Service or contact representatives in the Social Security Administration. The occupations into which the largest numbers of full-time white collar workers were hired in FY 1998 are listed in table 1. It shows that more than half of the new white-collar hires in FY 1998 worked in just 20 occupational series.

Most of these new white-collar hires work in lower-graded entry-level positions in a handful of agencies. As figure 2 shows (page 4), more than two-thirds of the new full-time, permanent, white-collar employees in FY 98 were hired at the GS-8 level or below. And, as figure 3 indicates (page 4), nearly two-thirds of the total number of full-time white-collar and blue-collar permanent hires went

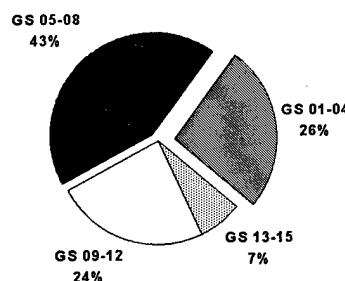
**Table 1. Top 20 White-Collar Occupations for Full-Time New Hires, FY 1998**

Occupations	Number of New Hires
Data transcriber, GS-0356	4,328
Tax examining, GS-0592	3,685
Misc clerk/assistant, GS-0303	3,067
Secretary, GS-0318	1,881
Border patrol, GS-1896	1,785
Correctional officer, GS-0007	1,578
Computer specialist, GS-0334	1,442
General attorney, GS-0905	1,104
Mail and file clerk, GS-0305	1,069
Misc administration and program, GS-0301	1,056
Air traffic control, GS-2192	1,004
Contact representative, GS-0962	901
Criminal investigation, GS-1811	884
Police, GS-0083	880
Medical clerk, GS-0679	876
Immigration inspection, GS-1816	864
Nurse, GS-0610	828
Office automation clerk and assistant, GS-0326	737
Patent examining, GS-1225	724
Nursing assistance, GS-0621	670
<b>Total</b>	<b>29,363</b>
<b>Percent of New Hires</b>	<b>53</b>

Source: Central Personnel Data File

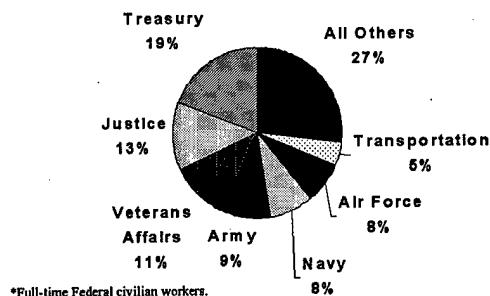
to work in seven of the Government's largest departments—Agriculture, the Army, Health and Human Services, Justice, the Navy, the Treasury and Veterans Affairs.

**Figure 2. Percent of New Hires by Grade, FY 1998\***



\*Full-time Federal civilian workers.  
Source: Central Personnel Data File.

**Figure 3. Percent of New Hires by Agency, FY 1998\***



\*Full-time Federal civilian workers.  
Source: Central Personnel Data File.

## The Procedures Agencies and Their Delegated Examining Units Are Using to Hire New Employees

No two agencies accomplish their DEU hiring in exactly the same way. Decentralization allows for and, in fact, has resulted in the use of a great many approaches. For example, the number of DEU's per agency and the size of the populations they service vary widely. The Air Force, with hundreds of thousands of employees, is planning to have a single DEU handle all of its outside competitive hiring. The Department of the Interior has scores of DEU's, some of which, like the Death Valley National Park DEU, serve a population of just a few hundred employees. There are also significant differences in the range of tasks that DEU employees perform. The DEU staff in some agencies, like the Smithsonian Institution, handle only tasks related to outside competitive hiring, while at the Commodities Futures Trading Commission, the DEU staff handles the full range of staffing functions, not just those relating to delegated examining.

Still, despite the variation that exists from DEU to DEU, there are important similarities in what the Government's approximately 650 DEU's do.

Either on their own or through the use of contracts that are frequently with OPM, they each have to recruit in order for there to be an open competition, and they each have to assess applicants in order to determine who are the "best" candidates.

### How They Recruit Candidates

A great deal of Federal recruitment today is done through the Internet. Other methods are often used as well, but the technology of the "net" resulted in a revamping of the way the Government recruits for outside hires. While it was difficult in the past to find out about Federal job opportunities, today, at least for applicants with access to the Internet, finding out about them can be relatively simple. Job seekers can sit at a computer anywhere in the world, log onto the web, go to [www.usajobs.opm.gov](http://www.usajobs.opm.gov) and in minutes find out, with some exceptions, about every Federal job opening for which members of the public can apply. Generally they can find the text of the actual posting on line as well. The text will describe in detail the duties of the position, state

the qualifications required, and explain the standards the agency will use to evaluate the competing applicants.<sup>3</sup>

These agency positions were originally posted on the net to make it possible for Federal employees who had lost or were about to lose their jobs to learn about openings in other agencies.<sup>4</sup> But USAJOBS is rapidly evolving into the major recruitment feature of the Government's new hiring processes. Through it, individual agencies operating in a decentralized environment are able to publicize the availability of their positions throughout the world.

Still, at the moment, agencies need to be concerned about relying too heavily on the Internet to make their jobs known to potential applicants. MSPB will be publishing a report later this year on the job search experiences of recently hired Federal employees. A survey of those employees revealed that only about half of them had access to the Internet or knew that Federal jobs were posted there.

## How They Assess Candidates

Deciding who are the best applicants for a job is at the heart of any competitive, merit-based process. Federal agencies' DEU's use primarily two assessment methods to evaluate outside candidates—written tests and unassembled examinations.

Written tests are used in about 40 percent of the DEU hirings, and most of the written tests are used for hiring into two groups of positions: (1)

GS-2, 3, and 4 entry-level clerical and technical positions because OPM's qualification standards require the use of written tests to assess candidates competing for these positions; and (2) GS-5 and 7 positions covered by the terms of a nearly 20-year-old consent decree entered in a discrimination lawsuit, *Luevano v. OPM*.<sup>5</sup> That decree has been interpreted to require that only approved procedures be used to fill a wide variety of professional and administrative positions at those entry-level grades; and two OPM-created written tests are among the approved methods.<sup>6</sup> A few agencies, like the Immigration and Naturalization Service, also use written tests to fill some positions into which they do a great deal of hiring.

Most DEU's use unassembled examinations when filling other jobs. Despite that name, unassembled examinations are not tests in the ordinary sense of that word. The term "unassembled examination" refers to a process, which is sometimes automated, through which DEU's arrive at a numerical score for each applicant by rating the education and experience described in the information submitted by the applicant against the evaluation criteria for the position. These numerical scores enable DEU's to determine who the top candidates are. That is important because, in making competitive hiring decisions for positions open to candidates from outside the Government, a law (known as the Rule of Three) requires that the selection be made from among the top three candidates still interested in the position.<sup>7</sup> The use of numerical scores also enables DEU's to make the legally required numerical adjustments for applicants eligible for veterans' preference.

<sup>3</sup> OPM has reported in "Opportunity Lost: Openness in the Employment Process" (April 1999), that Federal agencies are failing to place a significant portion of their vacancies on USAJOBS. Some of those omissions, however, relate to postings for which members of the public cannot apply.

<sup>4</sup> In 1997, OPM required each Federal agency, as part of its Interagency Career Transition Assistance Plan (ICTAP) for displaced employees, to provide OPM with an electronic file of the vacancy announcement for positions open to candidates from outside the agency's own workforce (5 CFR 330.707). OPM had decided that the most effective way to publicize these openings would be to post them on its web site. The ICTAP requirements expire on September 30, 1999, although they probably will be extended. If they do expire, OPM intends to continue disseminating agency postings over the Internet in order to fulfill the statutory requirement contained in 5 U.S.C. 3330 that it maintain and make available to the public a comprehensive listing of all vacancy announcements in the competitive service for which applications will be accepted from outside Government.

<sup>5</sup> The *Luevano* lawsuit sought to enjoin the use of a written test, called the PACE, on the ground that it had a significant adverse impact on minority hiring. The PACE was used to examine for entry-level positions in over 100 of the Government's white-collar professional and administrative occupations. The consent decree, entered into in 1981, required that use of the PACE be discontinued by 1984. MSPB will be issuing a report this year on agency hiring into the former PACE positions since the entry of that decree.

<sup>6</sup> The two tests are ACWA (Administrative Careers With America), which is a cognitive ability examination, and the more-frequently used ACWA II which OPM describes as a case-examining-based rating schedule.

<sup>7</sup> 5 U.S.C. 3318 governs selection from certificates into the competitive service. It provides that the "appointing authority shall select for appointment to each vacancy from the highest three eligibles available for appointment on the certificate . . . ."

## How OPM Assists DEU's

OPM assists DEU's by providing training, advice, and services. Agency employees are trained and certified by OPM before they can begin working in DEU's, and OPM periodically re-trains and recertifies DEU staffs. The training includes instruction in how to comply with competitive hiring's stringent legal requirements, such as the Rule of Three and veterans' preference laws mentioned above, and how to document the agency's compliance.

OPM's advice to DEU's takes several forms. It has created and revised a detailed Delegated Examining Manual that is used by DEU's as a reference work. In addition, OPM's Service Centers respond to

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**S**taffing services are purchased by agencies that can afford them and believe the services are worth what OPM is charging.

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questions relating to the exercise of delegated examining authorities. Also, OPM often evaluates the operation of DEU's when it conducts periodic oversight reviews to assess how agencies are handling their personnel authorities.

In addition, OPM is able to provide agencies and their DEU's with a wide array of services. OPM, for example, recruits and assesses candidates for agencies that want someone else to do that work for them; it details OPM employees to agencies to assist their DEU's; it prepares and/or administers written tests for agencies; and it operates automated systems for scoring agencies' unassembled examinations. OPM does not, however, provide

these services free of charge. Charging for these services was authorized by Congress. At the same time that Congress effectively required OPM to delegate examining authority to agencies, it changed the civil service laws to provide that, to the extent that the director of OPM thought it appropriate, OPM's staffing assistance to agencies and their DEU's could be made available on a reimbursable basis (5 U.S.C. 1104(b)(4)). OPM has elected to make almost all the staffing services it provides, beyond what it sees as training and advice, available on that basis.

In general, these staffing services are therefore purchased by agencies that can afford them and that believe the services are worth what OPM is charging. In FY 1998, agencies purchased more than \$5 million worth of these staffing services from OPM. The Social Security Administration (SSA) Chicago Center for Human Resources was one of those purchasers, contracting for more than \$30,000 worth of OPM's staffing services in that year. Under its contract, the Center regularly received test-based certificates for GS-5 social insurance specialists, a position covered by the *Luevano* consent decree mentioned earlier; and case examining-based certificates for GS-5 contact representatives. The SSA's Chicago Center has been satisfied with how quickly OPM has produced these certificates and with the quality of the candidates referred. The Center is not alone. Many agencies contract with OPM to produce certificates and are satisfied with the services they receive. Still, a great deal of examining is being done directly by agency DEU's. For example, even though the SSA's Chicago Center decided that it was less expensive and easier to have OPM prepare its certificates, eight of the other nine SSA regional centers have chosen to do most of that work themselves.

## What Agency DEU's and Managers Like About Delegated Examining

In August and September 1998, we conducted interviews with the heads of 70 DEU's chosen at random from the approximately 650 DEU's in the Federal Government. We asked how they exercise their examining authorities and how that process compares with what they had been doing immediately prior to the blanket delegation of examining authorities to agencies in 1996. We also asked what they and the managers in their agencies think about delegated examining, and particularly whether they think it helps to recruit better candidates more quickly. We also asked what they think of the help and services provided by OPM.

There were differences, some significant, in how the DEU's felt about their delegated examining experiences, but as table 2 shows, in general they shared highly positive views. Over 80 percent think delegated examining enables them to hire high-quality candidates in a reasonable period of time. Nearly 80 percent think that delegated examining is faster and more effective than centralized hiring. And 60 percent think OPM's support services are helpful to them.

Of the 70 DEU officials, only one thinks centralized hiring should be reinstated. The others are opposed to that idea. They think that obtaining OPM certificates took too long and that the quality of the candidates on those certificates frequently was not particularly good.

DEU's said that they can produce certificates more rapidly because, unlike OPM, they do not need to prioritize requests from many agencies and because they are simply more responsive to their own managers' requests than OPM had been. They also said that their certificates produce better candidates because they are familiar with the agency's mission and can therefore make more accurate judgments about how well an applicant's training and experience correlate with the evaluative criteria for the posted jobs. In addition, they said it is easier for DEU's to draw upon their agency's subject matter experts to help in preparing the evaluation criteria for posted jobs, and to help in rating applicants against those criteria. DEU's also said they can coordinate special recruitment efforts such as newspaper advertisements with their job postings in order to attract applicants who are currently interested in and available for the job. OPM certificates had often included applicants who had already accepted other jobs or who, despite having indicated otherwise on their applications, were unwilling to relocate to the job's duty station.

In addition to talking to DEU officials, we conducted focus groups with supervisors and managers who had recently hired candidates from outside the Government under competitive procedures to see what they thought of delegated examining. We drew participants for these groups from a standing panel of managers and supervisors who had previously agreed to assist the Board in its research activities. A few of the focus group members were not aware that agencies had been delegated the authority to recruit and evaluate applicants, nor had they consciously noticed any change in the nature or quality of their agency's external hiring process. Most of the focus group members, however, were aware of the new, primarily DEU-based, procedures and think that they improved hiring from outside Government. These managers said they receive certificates faster now and that the certificates contain more highly qualified candidates and more candidates actually interested in the jobs being filled.

**Table 2. Responses of DEU Officials to Questions About Delegated Examining**

	Agree	Disagree	Neither
	percent responding		
The existence of blanket delegated examining authority is enabling our agency to hire quality candidates in a reasonable period of time.	83	1	16
The hiring process in our agency is faster and more effective now that we have blanket delegated examining authority.	77	4	19
The support we receive from OPM enables our DEU to do a better job.	60	4	36

# The Concerns DEU Officials Have With Delegated Examining

Despite their positive opinions about delegated examining, some DEU officials, managers, and supervisors do see problems with the current process for hiring applicants from outside the Government. In this section, we look at the concerns voiced by DEU officials and in the next section we look at the issues raised by our focus groups of managers and supervisors.

## The Quality Of Assessment Determinations

In DEU's with heavy workloads, officials worry a great deal about the quality of their case examining determinations—the assessments of qualifications they make on the basis of unassembled examinations. Under case examining, the information in applications is reviewed in order to match it with the job's selection criteria, known as knowledges, skills, and abilities (KSA's). Applications are also scored against the evaluative criteria to determine who among the qualified candidates are best-qualified for the position. In addition, applications are checked to see if the applicants are citizens or otherwise meet special age requirements, or to see if they qualify for veterans' preference.

The case examining determinations that these officials are concerned about include those assessments done by automated programs as well as those done manually by agency personnel employees, possibly with the assistance of subject matter experts. The assessments also include both those made in the course of creating a certificate for a single position and those made in the course of preparing a standing inventory or register of candidates. In all those situations, officials in DEU's with heavy workloads believe that, although they do case examining better than OPM, they do not do it particularly well because they simply do not have the time to make, in anything like a well-reasoned fashion, all the judgment calls required by case examining. These officials say their case examining procedures, therefore, frequently fail to place the best qualified candidates on certificates and that this is unfair, both to the

best qualified candidates and to the managers for whom the certificates are prepared.

It is not easy for a personnel official to make some case-examining judgments. For example, in deciding whether an applicant's work experience satisfies a requirement calling for a history of relevant work at specified levels of difficulty, the specialist has to decide whether the work done by the applicant was similar and difficult enough, and whether it was done for a long enough period of time. The specialist may not know enough about the work the applicant did or about the job for which the applicant is applying to answer those questions, or the applicant may not have provided enough information in the submission for the specialist to make that determination. In a DEU with a light workload, specialists can and fre-

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In DEU's with heavy workloads, case examining procedures frequently fail to place the best qualified candidates on certificates.

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quently do take the time to contact applicants to get more details, or they seek additional help analyzing the application from agency subject matter experts. But in DEU's that receive hundreds of applications and are under pressure to produce certificates expeditiously, specialists do not have time to seek more information or expert assistance, and they must therefore make less-informed judgments.

Several factors make it even harder to make informed judgments. DEU officials say that the level of expertise that staffing specialists bring to their jobs is not nearly as high as it was before the recent period of Government downsizing. Those downsizing efforts targeted human resources staffs disproportionately, and led to the retirements or buy-outs of many older and more experienced personnel employees.

The fact that a lot of candidates no longer use the Government's old application form, Standard Form 171 (SF-171), also makes informed judgments more difficult. Without exception, officials of DEU's with heavy workloads said that case examining was easier, and that applicants got fairer consideration, when applicants had to submit SF-171's. The requirement for that form was dropped by OPM as part of an effort to make the Federal job application process less forbidding to prospective candidates. DEU officials do recognize that eliminating the need to file a complicated and daunting form does encourage more people to apply for Federal jobs. Still, many staffing specialists miss the SF-171. It instructed applicants to include, in specific areas where personnel employees were used to looking for them, the very types of detailed information that personnel officials consider in matching an application against the Government's selection criteria.

Without the SF-171, DEU officials say, applicants often fail to submit enough detailed information and, therefore, do not get as much credit as they deserve for their training and experience. DEU officials say that this is particularly true for applicants who do not currently work for the Federal Government because they have no idea how agencies evaluate applications. Therefore applicants from outside the Government often act upon the conventional wisdom that an interesting cover letter accompanied by an abbreviated resume is an appropriate way to apply for a job. That frequently is not true for Federal jobs: DEU officials all agreed that well-qualified applicants who do not submit SF-171's, or comparably detailed applications, often placed themselves at a competitive disadvantage. Further, in DEU's with heavy workloads, the extra time it takes for overworked staffing specialists to look for necessary information in non-SF-171 applications is time that they cannot devote to the judgment calls that need to be made about candidates' qualifications.

## The Usefulness of Delegated Examining Certificates

Most DEU officials say that placing agencies in charge of the competitive hiring process for positions open to candidates from outside the Government has allowed agencies to hire good candidates in a reasonable period of time. Still, in part because DEU certificates take a great deal of work to produce when case examining is used to evaluate large numbers of applications, officials in DEU's with heavy workloads say they are frustrated by the fact that they often produce certificates that add little, if anything, to the hiring process.

To understand this, it helps to know that managers do not have to consider most non-Federal employees when they are conducting a formal search to fill vacancies. With limited exceptions, there is no requirement that posted vacancies be open to members of the public.<sup>8</sup> When managers decide to conduct a search that is not open to most members of the public but that is limited essentially to current Government employees (or limited, as they often are, to current employees within their agency or a specific unit in their agency), those openings are posted under merit promotion procedures.

Like DEU procedures, merit promotion procedures are competitive. However, they are significantly less complicated than DEU procedures because neither the Rule of Three that limits selections to the top three interested candidates nor veterans' preference rules apply to merit promotion postings. Applicants are not ranked on the basis of their numerical scores. Instead, merit promotion certificates contain the names of all candidates (usually listed alphabetically) determined to be among the best qualified, and the managers are free to select any of those candidates for the job.

<sup>8</sup> As a result of the Veterans Employment Opportunities Act of 1998 (5 U.S.C. 3304), any preference-eligible as well as any veteran who has been honorably discharged from the armed forces after 3 or more years of active service can apply for vacant positions posted under merit promotion procedures whenever the hiring agency is accepting applications from individuals outside its own workforce.

Because of that, managers tend to use merit promotion procedures when they think there will be qualified internal applicants for their vacancies. In addition, in most agencies managers can, when hiring from outside is not barred for budgetary reasons, also request a DEU certificate. In the interest of enlarging the pool of candidates who can be considered for the job, they frequently do.

It is this practice that causes DEU officials to have concerns about the usefulness of their DEU certificates. They say that because of the Rule of Three, DEU certificates at best provide managers, when merit promotion certificates are also prepared for the same position, with a maximum of only three additional candidates from which to select. Several factors combine to make it likely that the DEU certificate will not even produce that many. Federal employees eligible to apply for a job under a merit promotion posting are also allowed to apply for that job under the DEU posting. Because current employees understand how applications are judged, and because they often have relevant and easily evaluated experience, they have a good chance of being among the best qualified candidates and being referred on the DEU certificate. When they are, they usually also

appear on the categorical listing of best qualified candidates on the merit promotion certificate—if, as is frequently the case, they have applied under those procedures.

Therefore, DEU officials say that the practice of allowing current Federal employees to apply for job vacancies under both procedures decreases the effectiveness of the DEU certificate as a tool for bringing in people from outside the Government. For example, one DEU official at the Department of Veterans Affairs told us that in her agency current Federal employees with veterans' preference rights are applying for jobs under both procedures because these employees expect that their job-related experience and veterans' preference status will help them make the DEU certificate and simultaneously keep others from doing so. She noted that nearly half of the applicants for jobs announced by her DEU were current agency employees with veterans' preference status. She said that these applicants almost invariably were referred on both the merit promotion and the DEU certificates, virtually preventing the DEU certificates from including any applicants who were not already on the merit promotion certificates.

## The Concerns Managers and Supervisors Have About Hiring New Employees

Under the cumbersome centralized hiring process, managers and supervisors often experienced significant difficulty bringing new employees into the Government. Our focus group members with experience hiring from DEU certificates said, however, that decentralizing the process had eliminated only some of the reasons why it is difficult in a large bureaucracy to hire competent applicants from outside in a reasonable period of time. Focus group members said, for example, they still lose good candidates because of the time it takes to obtain security clearances for those jobs where preemployment clearances are required. They also said they are still frustrated whenever budget freezes prevent hiring. And they said there are still quality problems. Sometimes that is

because managers opt to hire without conducting a thorough search to find the best candidate. Managers use this tactic to avoid hiring freezes that would prevent them from hiring anyone at all. On the other hand, sometimes the staffing specialists doing the assessments don't understand enough about the job being filled or have not adequately involved agency subject matter experts in the process. The focus group members said that managers and supervisors would be less dissatisfied with the process if the certificates gave them more candidates to consider and if their agencies helped them to both understand the hiring process better and to acquire the skills necessary to determine which applicants on the certificates were likely to make the best employees.

# **What Can Be Done to Address the Concerns of DEU Officials and Agency Managers and Supervisors**

Just about everyone we contacted believes that delegated examining has improved the process for hiring employees from outside the Government. Still there are DEU officials, supervisors, and managers who are worried that delegated examining is not working as well as it should. This section examines what can be done to address their concerns.

## **Improve Assessment**

The merit system principles call for hiring decisions to be made on the basis of merit considerations. Unfortunately, many DEU officials believe that this standard is not being met when large numbers of applications are evaluated through the use of case examining. These officials do not have the same concerns when applicants are screened on the basis of written exams, as they are about 40 percent of the time. Nor do they have the same concerns when DEU's are assessing a manageable number of applicants using case examining. However, when they are using case examining to evaluate hundreds of applicants, as is frequently the case for DEU's with heavy workloads, many DEU officials say that the best qualified candidates often fail to make the certificates because it is too hard for the staffing specialists to expeditiously handle that volume of applications and still make good case examining determinations. There are, however, alternatives that can help in some of these situations. These are, for example:

### ***A Greater Use Of Automated Case Examining***

There is a belief among DEU officials that technology may offer a solution to the workload problem. That is why a number of DEU's with heavy workloads have turned to or continue to use automated systems, like OPM's MARS (Micro-computer Assisted Rating System), that rely upon computers to help assess the information submitted by applicants.

However, these automated case examining programs cannot rate and rank the candidates based on

the information contained in their applications. They can be used to evaluate discrete portions of the applications, such as those dealing with veterans' preference eligibility or supplemental application questionnaires. These questionnaires, which are essentially simplified application forms, ask about the applicant's prior work experience (e.g. "Have you ever operated a forklift?") as well as the applicant's opinion about the extent of that experience (e.g., "Have you operated a forklift frequently enough to be able train others in how to use that equipment?").

Using these automated procedures, certificates can be quickly produced even for a large number of applications. Many agency officials are satisfied with the quality of these automated case examining certificates. That is particularly true for agencies that have these certificates prepared by OPM's Raleigh Service Center, which produces several thousand MARS-based certificates each year. The director of that center strongly believes that automated evaluation, when done as Raleigh does it, assesses candidates' qualifications better than the case examining performed by staffing specialists. The Raleigh Center staff begins by working closely with agency clients to identify the appropriate KSA's. The staff then prepares clusters of questions to be asked about each KSA. Before preparing the certificate, whenever possible they check the top scoring candidates against narrative submissions detailing their experience that all applicants have been encouraged to submit with their applications—and then eliminate those candidates whose scores are inconsistent with their narrative submissions.

### ***Artificial Intelligence Programs***

While the automated procedures are popular with many agencies, some DEU officials still believe that automated case examining programs assess candidates so poorly that they should never be used to produce certificates. These officials worry about the frequency of obvious errors made by these programs—such as not giving veterans' preference to candidates who deserve it or giving it

to candidates who don't. They worry that the programs unduly encourage applicants to exaggerate their experience since applicants know they will improve their chances by claiming a lot of experience in the handful of skills addressed by the questionnaires. DEU officials say they see a lot of certificates with candidates whose underlying applications fail to support the experience claimed in their questionnaire answers. These concerned DEU officials wonder—even if they could correct for the obvious mistakes in these certificates, and even if they could also remove those candidates who probably exaggerated their experience—whether it is reasonable to believe that the candidates remaining on the certificates would actually be the most qualified people who applied. Because of doubts like these, and because OPM now charges significant fees for providing these services,

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**S**ince good written tests lead to good assessment determinations—and therefore to better hires—they should be used more often than they are.

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some DEU's have discontinued using MARS and MARS-type programs, and others have decided against trying them.

Instead, they hope that some other technology might solve their problem. The most popular alternatives are artificial intelligence programs which incorporate word search techniques into their programs, and which are used with some frequency in private industry. At the moment, no agency is actually preparing DEU certificates using an artificial intelligence program because these programs cannot yet rank applicants in numerical order. Instead, they are capable only of dividing applicants into broad categories. Still there is a belief that, with sufficient refinement, artificial intelligence programs will be made sophisticated enough to be used for DEU certificates. The Department of Defense has purchased the right for all the military services to work with software developer Resumix, Inc., to try to create usable artificial intelligence programs. Moreover, the Department of the Air Force has based its decision to create a single worldwide DEU on the expecta-

tion that such programs will be in use within the next few years. While this may occur, the experience of an Army civilian personnel operations center currently using Resumix to prepare merit promotion certificates indicates that there may well be qualitative problems with artificial intelligence programs making case examining determinations. That center says that its system works well for categorical certificates only because they augment it with a great deal of hands-on intervention at every stage to eliminate candidates who should not be included on the certificates. In addition, they regularly modify the program's grammar base to increase the chances that applicants who should have been referred but were not, will be referred in the future.

**Greater Use of Written Tests.** Written tests offer another way for DEU's to make heavy workloads more manageable; and since good written tests lead to good assessment determinations—and therefore to better hires—they should be used more often than they are. As we noted earlier, while written tests are frequently used, they tend to be used in only a handful of situations. The qualification standards are such that written tests must be used to evaluate candidates for positions at the GS-2, 3, and 4 levels. And some agencies use the OPM-created ACWA and ACWA-II tests when filling the GS-5 and GS-7 professional and administrative positions covered by the consent decree in the *Luevano* discrimination lawsuit. In addition, a few agencies have created or purchased written tests for positions into which they do a great deal of hiring.

The Immigration and Naturalization Service (INS) and the Internal Revenue Service (IRS) are two such agencies. INS uses its own written tests to assess entry-level applicants for GS-5 and GS-7 border patrol agent and immigration officer positions. In FY 1998, INS hired more than 2,000 employees into these positions. Its evaluation studies of these test instruments, which measure verbal, math, and/or analytical skills, have concluded that there is an extremely high correlation between applicants who score well on the exams and those who do well on the job. The IRS is pilot-testing, at several locations, a test instrument it purchased for GS-5 tax examiner assistants, a position into which it hired approximately 750

employees in FY 1998. The instrument was created by a contractor who previously had determined the job competencies for the tax examiner assistant series for the agency's corporate training center. The human resources office was able to obtain the 232-item test instrument at a greatly reduced cost since the contractor was building upon the job competency assessment it already had performed under that earlier contract.

Unlike the INS which has an in-house professional staff capable of creating and validating written tests, or the IRS which was able to purchase an examination, most agencies have not prepared or purchased written tests for positions into which they do a great deal of hiring. They have not been willing or able to pay the substantial sums they would be charged, even by OPM, for these written tests. (Charges for developing tests frequently run from \$100,000 to \$150,000 and can be substantially greater.)

There is a strong governmental interest in having agencies use good assessment tools to help them make hiring decisions. It is inconsistent with that interest for written tests capable of improving the quality of those decisions to be priced beyond what agencies are prepared to pay for them. In this regard, it is important to note that while Congress gave OPM the authority to make its staffing services available on a reimbursable basis, it did not require OPM to do so, and it certainly would be in the best interests of the Government for agencies to have access to written examinations without having to bear the high cost of development. This makes particularly good sense when one considers that a single test or portions thereof, once developed and validated, can be used by many agencies.

**Lower Fees or No Fees.** There is another test-related area in which the costs for OPM's services may not serve the best interests of the Government. OPM charges approximately \$600 to prepare most certificates. The certificates for GS-2, 3, and 4 clerical and technical positions and for GS-5 and 7 professional and administrative positions covered by the *Luevano* consent decree, as we

noted earlier, are based upon test scores. Generally, agencies cannot give these tests themselves and they must contract with OPM for certificates for these jobs. Many DEU officials told us that they do not ask for these test-based certificates and fill their clerical and technical positions at the GS-5 level and their professional and administrative jobs at the GS-9 level—grade levels at which the certificates do not need to be based upon test scores.

There are several reasons why DEU's elect to fill these positions that way. A few DEU officials said they avoid OPM-created certificates because they have had bad experiences with past OPM certificates. And a few said that they, and their agencies' managers, believe that the needs of their agencies are better served by filling these jobs with more experienced people. But almost all of the DEU officials who filled these positions at the higher grades also told us that the cost of the certificates is a significant factor in their decision not to fill these positions at the lower grades. Frequently these DEU officials work in small DEU's, and they told us that they lack the funds or the ability to commit funds for those certificates. Therefore, eliminating or significantly reducing the charges for these certificates would enable those DEU's both to use better assessment tools and to fill the positions at perhaps more appropriate grades in a less costly manner.

## Improve the Usefulness of Delegated Examining Certificates

**Eliminate the Rule of Three.** As we have observed, DEU certificates can take a great deal of work to produce and there can be situations in which they do not add much to the hiring process. Some of the major reasons for that are the Rule of Three and the fact that current employees can apply for the same job under both DEU and merit promotion postings.

The Board has previously called for the repeal of the statutory Rule of Three, or at the very least the creation of a more workable substitute.<sup>9</sup> Under the Rule of Three, hiring from DEU certificates,

<sup>9</sup> In its 1994 report, "Entering Professional Positions in the Federal Government," MSPB recommended that OPM "propose legislation leading to creation of an alternative to, or abolishment of, the statutory 'rule of three.'"

with certain limited exceptions, must be from among the three applicants who receive the highest numerical scores and who are still interested in the position. The rule limits supervisors' choices, obviously; and DEU officials say that many supervisors believe that it limits them to an arbitrarily small pool of referrals, even when there are applications from a large number of qualified candidates.

The logic of the Rule could be supported, perhaps, if the assessment tools most frequently used to evaluate applicants were actually capable of identifying the best three candidates. But DEU officials in DEU's with heavy workloads believe that the best candidates frequently fail to make certificates when assessment is based upon case examining; and many officials are particularly concerned about the

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**A**llowing agencies to increase the number of candidates who can be considered for selection would have the potential of enhancing veterans preference rights.

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qualitative determinations made by automated case examining systems. While written tests are better predictors of future job success, they are not usually capable, especially when there is a large pool of applicants, of making fine enough distinctions among qualified candidates to justify limiting consideration to the three highest scoring applicants.

An aspect of the Rule's arbitrariness is seen in the treatment of tied scores which occur with great frequency. Supervisors are allowed to choose from a total of only three interested candidates. To winnow the certificate down to that number, staffing specialists follow detailed tie-breaking rules, one of the most common of which is random selection based upon social security numbers.

Such techniques contribute nothing to merit-based selection. In our view, it would benefit both selecting officials and job seekers if agencies were free to decide whether more than three qualified

applicants should be considered. Decentralization allows agencies to adopt different approaches for recruiting and assessing candidates for positions that are open to applicants from outside the Government. The Government's interest in good hiring decisions would be better served if the same flexibility were extended to deciding upon the number of applicants from whom selections can be made. On occasion, agencies might decide to keep that number at three. But where there are many applicants, and their qualifications are similar, it might be more reasonable to let selecting officials consider larger numbers of candidates. A number based on the total number of applicants, for example, might be a more appropriate limit.

Because the legal provisions containing the Rule of Three also set forth veterans' preference rights in the area of competitive selections, there might be a concern that changing the Rule could have a negative impact on veterans' rights. However, that is not the case. Allowing agencies to increase the number of eligible candidates who can be considered for selection would not diminish the existing right of those covered by veterans' preference provisions generally to be selected before other candidates with the same or lower scores. In fact, this change would have the potential of enhancing veterans' preference rights by providing additional selection opportunities to veterans whose scores were not high enough to place them among the top three candidates interested in the position.

**Eliminate Dual Consideration.** Another way to increase the utility of DEU certificates is to no longer allow current employees to be considered under a DEU posting if they are eligible to apply for the same job under a merit promotion posting. Supervisors seeking a DEU certificate in addition to a merit promotion certificate do so because they want to see if, in addition to the names on the merit promotion certificate, there are any other qualified candidates worth considering. The supervisors may ultimately decide to hire a merit promotion candidate, but they want the opportunity to consider individuals outside the agency. DEU officials say that supervisors frequently do not get that chance because agencies routinely allow at least some current Federal employees to apply under both postings.

But current employees eligible to apply under a merit promotion posting already have the right to be considered for the position. And if they can also apply under the DEU posting, their presence on a DEU certificate generally will not increase the number of candidates referred to the supervisor. This is so because those current employees will probably also be included in the categorical listing of best qualified candidates on the merit promotion certificate. Management should take a look at whether allowing some employees to apply under both sets of procedures is having a negative impact in their agencies on the ability of supervisors to consider candidates who are not eligible to apply under the merit promotion posting. If it is, they should consider eliminating the practice.<sup>10</sup> Moreover, except for keeping others from being considered, the value to current employees of making both certificates is not significant since current employees prefer not to be selected from DEU certificates. Such a selection offers no advantage over selection from a merit promotion certificate, and unlike the latter type of selection, selection from a DEU certificate is considered to be a new appointment that, with some exceptions, can be summarily terminated during the probationary period.

### Provide Training to Managers and Supervisors

While our focus group members believe that decentralization improves the hiring process, they said that problems remain. One of the most serious in their opinion is that many supervisors and managers simply do not know enough about hiring rules and practices. Our focus group

members said that because of that lack of knowledge, supervisors tend to be reluctant to become involved in hiring activities. Moreover, they said, managers and supervisors have questions even about such seemingly straightforward matters as interviews. They don't know what to ask, and wonder whether there are questions that would make it easier for them to compare the abilities of candidates. They do not know if they are required to ask all the candidates the same questions; and, if not, whether it is a good idea to do so anyway. They do not know if they may ask for writing samples. And, if they chose to interview one applicant, they do not know whether they have to interview them all.

Some problems identified by our focus groups, such as the negative impact on the hiring process of real or anticipated hiring freezes, would be virtually impossible for agencies to eliminate. But training to enable managers and supervisors to intelligently participate in the hiring process is something that is well within the agencies' power. Agencies should consider creating reference tools that selecting officials can use on an as needed basis to learn about staffing matters. That would be a more effective method than classroom instruction for delivering this information since many selecting officials hire new employees only occasionally. To provide selecting officials with the assistance when needed, agencies could prepare straightforward question-and-answer pamphlets addressing the areas selecting officials are unsure about. Or agencies could use as a model OPM's well-received CD-ROM for supervisors with problem employees to create similar easy to access, easy to use, computer-based "just in time" tools related to hiring.

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<sup>10</sup> Agencies have broad authority to structure their delegated examining as they see fit, and there is no law that specifically forbids adopting a rule curtailing the practice of allowing employees who can apply under a merit promotion posting from being able to apply under a DEU posting. But neither is there any law that specifically allows for the adoption of such a rule. Therefore, it would be clearer that agencies had this right if delegated examining agreements were amended to specifically allow agencies to preclude current employees eligible to apply for a job under merit promotion procedures from being able to apply for that same job under DEU procedures.

## **Overall Findings and Recommendations**

Responding to criticism that the Government's centralized hiring was too slow and bureaucratic, Congress required OPM to delegate nearly all of its hiring-related authorities to agencies. As a result, almost all competitive hiring of new Federal employees is now handled by agencies either directly or through contracts, usually with OPM. Most agency hiring activity is coordinated by DEU's consisting of certified agency personnel specialists who have been trained by OPM in how to operate a fair and lawful competitive process. This report has examined the operation of those DEU's and the Government's newly decentralized hiring system.

We found that our randomly selected agency DEU officials have extremely positive opinions regarding the success of delegated examining. Over 80 percent said that delegated examining enables them to hire high-quality candidates in a reasonable period of time. Nearly 80 percent said that delegated examining was faster and more effective than centralized hiring.

We also conducted focus groups with managers and supervisors who had recent experience hiring new employees and found that they held similarly positive views regarding the effectiveness of delegated examining.

We found, however, despite these generally positive views of decentralized hiring, that officials in DEU's with heavy workloads say that case examining, a commonly used assessment procedure, frequently fails to place the best qualified candidates on DEU certificates; and that this is unfair both to the best qualified candidates and to the managers for whom the certificates are prepared.

We found that DEU officials, and managers and supervisors as well, believe that that DEU certificates frequently provide too few qualified candidates. The utility of DEU certificates is adversely affected by the Rule of Three that limits the number of candidates a manager can consider when filling a job from a DEU certificate, and by the practice of allowing current employees to

apply for the same job under both DEU and merit promotion procedures.

We also found that managers and supervisors, despite their good opinion of delegated examining, think that it has not solved all of the problems that make it difficult to hire competent candidates from outside the Government. In the opinion of the managers and supervisors in our focus groups, one of those problems is that managers and supervisors need to have a greater understanding of the Government's hiring rules and processes.

To improve the Government's ability to make good hiring decisions, the Board recommends that:

1. **Congress and OPM should take action to make written tests readily available to agencies that hire significant numbers of new employees through competitive procedures.**

In light of the strong governmental interest in making good hiring decisions and in light of the importance of good assessment tools to the performance of that task, Congress should fund the costs for creating and validating written tests. Until that occurs, OPM should consider how much of its budget it can afford to dedicate to the creation and validation of written tests for positions into which agencies hire in significant numbers. OPM should also consider ending its practice of charging for the test-based certificates it currently prepares for agencies for GS-2, 3, and 4 clerical and technical positions and for GS-5 and 7 professional and administrative positions.

2. **As long as unassembled examinations continue to be used to evaluate candidates for positions into which many applicants are hired, agencies need to commit sufficient resources to DEU's to ensure high-quality assessments.**

The Government's interest in hiring high-quality candidates, and the entitlement of those candidates to fair treatment in the competitive process, are poorly served when DEU's lack the resources, in terms of staff, money, time, and expertise, to make high-quality case examining determinations.

**3. Congress, OPM, and agencies should address the problems identified by DEU's with regard to the usefulness of their certificates.**

The Rule of Three should be modified to allow supervisors to consider a greater number of qualified candidates. Consistent with the other flexibilities associated with delegated examining, agencies should be allowed to determine whether it is appropriate to limit their supervisors to choosing from just the three top-ranked candidates who are still interested in the position. Where there are many applicants, agencies should be free to conclude that a greater number, or perhaps a percentage of the total number, of qualified applicants would be a more appropriate limitation. In addition, in order to provide supervisors with more qualified candidates to consider, OPM and agencies should amend their delegated examining agreements to specifically allow agencies to preclude those current employees eligible to be

considered under a merit promotion posting from also being able to apply under delegated examining procedures for the same job. And,

**4. Agencies should address managers' and supervisors' lack of knowledge about sound human resources practices and about hiring rules and processes, particularly with respect to hiring from outside the Government.**

Agencies should provide selecting officials with more training on the Government's hiring rules and processes and with aids such as easily accessible reference tools the officials can use when hiring. In a large organization, many factors adversely affect the ability of managers and supervisors to bring high-quality candidates on board in a reasonable period of time, but lack of knowledge about the rules and procedures governing the Government's hiring process should not be one of them.